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Winter 2015 Issue

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Crop Insurance Deadlines

Sales Closing Date

3/15/2015 for Spring Crops
 All changes to coverage levels, cancellation of policies, deleting or adding crops/counties, changes to policy options, etc., must be made by this date.

Acreage Reporting Date

Corn: 7/15/2015
 Soybeans: 7/15/2015
 Your acreage report must be completed and signed by this date.

Earliest Planting Dates

Corn: 4/5/2015
 Soybeans: 4/20/2015
 This is the earliest date you are allowed to plant your crop to receive replant protection.

Final Planting Dates

Corn: 6/5/2014
 Soybeans: 6/20/2015
 This is the last day to plant your crop and receive maximum coverage.

Select Farm Program Yield by February 27th; Program by March 31st

It's time to square away your farm program payment decisions—the ones you'll live with for at least five years. Local Farm Service Agency personnel are asking farmers to act soon, rather than later. Fortunately, the advice of University of Illinois ag policy expert Gary Schnitkey may help.

Speaking at a January educational session, Schnitkey identified three key decisions farmers must make: (1) Determine whether to keep or update your farms' base acres, (2) review and select your farms' yields, and (3) elect between the three farm bill programs offered.

Schnitkey also identified hands-on tools to support farmer decisions. The Farm Bill Toolbox at www.farmdoc.com walks farmers through a simple 7-step process, helping producers target the best choices for their operation. Another tool—called APAPS—is offered by the U.S. Department of Agriculture. It supports quick program comparisons using sample data for your own county and state. While those tools are your best bet for arriving at a personalized plan, here are the key decisions Schnitkey identifies:

Base Acres. You'll need to review base acres for each FSA farm you operate. Base acres are detailed in a letter you received from the FSA in August of 2014. You may opt to keep those base acres, or update to a "reallocated" base. Your FSA team can help in your comparison. Schnitkey suggests locking in base acres with the highest corn base. This decision is due to the FSA by February 27, 2015. Remember, the 2015 Farm Program will pay on base acres, not on planted acres.

Program Yields. Look again to your August letter for farm yields. You may opt to keep or update these yields. Opt for whichever record shows the highest yields, advises Schnitkey. (If your yield is below a preset "plug yield," FSA will use the plug yield for that farm.) The simplest way to prove yields will be sharing your crop insurance APH yield. At sign-up, FSA will require you to indicate how you will verify yields if you're audited. Options include your APH, settlement sheets, or bin measurements. Notes Schnitkey, "If you can't document your yield under audit, then you have to use the plug yield."



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PLC Electors Eligible for SCO

Farmers electing the PLC payment program are eligible for the Supplemental Coverage Option (SCO), available through your insurance agent. A provision of the 2014 farm bill, SCO is a county-level policy endorsement that covers a portion of the deductible of the underlying crop insurance policy. Administered by Risk Management Agency, SCO is available for corn, soybeans, grain sorghum and wheat in select counties for the 2015 crop year. Availability maps, fact sheets and more are at www.rma.usda.gov. If you elect the PLC option and want to add SCO, please let your agent know no later than March 15, 2015.

John Deere, BASF Offer Endorsement

Attention BASF customers - you may qualify for John Deere's Optional Endorsement to the Added Value Protection (AVP) insurance policy. AVP protects against yield shortage in addition to your Multi-Peril Crop Insurance policy. Benefits include more complete coverage, flexible coverage bands, and flexible pricing. Plus, a special endorsement is available to some. Apply qualifying BASF products to a minimum of insured acres, and the endorsement provides a reduced premium, higher coverage band options and choice of a higher elected price. Learn more from your independent insurance agent.

Program Election. Finally, you must elect a payment program for each of your FSA farms by March 31, 2015. Program choices include Ag Risk Coverage-County, Ag Risk Coverage-Individual, and Price Loss Coverage.

The ARC County program is strictly a county revenue program, driven by county yield and price, and pays from 86 percent down to 76 percent.

"This is not a substitute for crop insurance, because it only pays on that band," Schnitkey cautioned.

The ARC Individual program is a revenue program based on an individual farm's production, and is best suited to a one-crop, high-yield farm that experiences great variability, Schnitkey said. He pointed to fertile river-bottom land as a prime example.

The PLC, is a target price program, a modified version of the Counter-Cyclical Program of the 2008 farm bill. Reference prices apply for the life of the farm bill, and payments are made on 85 percent of base acres if triggered. This is the only option eligible for the Supplemental Coverage Option (SCO).

Schnitkey believes that, with careful analysis, most Illinois farmers will select the ARC County program, though some may elect PLC. For operators with many FSA farms, a mix of 80 percent ARC County and 20 percent PLC programs may be a smart hedge, Schnitkey said.

Caveats. For more on program caveats, default selections and potential sticky situations, visit www.farmdoc.illinois.edu.



Wind Endorsement Protects Corn Revenue Against Green Snap

Corn green snap. It seems it's happening more in recent years, whether the result of accelerated plant growth, hybrid tendencies, or simply damaging weather. University of Illinois experts say the condition is not uncommon, and nearly any hybrid is susceptible-if strong winds strike during the plant's vulnerable stages. Whatever the cause, there is insurance especially designed for your protection. Many hail policies may be enhanced with a wind endorsement, adding insurance value to cover green snap losses. Consider adding a wind endorsement to your 2015 coverage. Your agent is ready to discuss your questions, and to help you weigh the options.

Research and Consider Farm Bill

"Yield Exclusion"

The Yield Exclusion (YE) is a special condition farmers will want to research when establishing their farm program yield guarantee with Actual Production History (APH). Available in certain counties, the YE allows specific years to be dropped from the calculation of guarantee yields for crop insurance. Most farmers should take YE--when it is available and raises the guarantee yield, according to the experts at UI's FarmDoc. That is, as long as it does not impact their trend adjustment eligibility.

For each eligible county, specific years may be excluded from the APH calculation. To be excluded, the county or its contiguous counties must have a yield for a year below 50 percent of the average of the previous 10 years of county yields. In some Illinois counties, exclusions are available for 1995, 2002 and 2005. Many more are eligible for exclusions in 2012. For maps, details and premium quotes, visit www.farmdoc.illinois.edu.

New Trust? Check Policy Tax I.D. Numbers, Names

You want your insurance claims to be simple, quick and trouble-free. To help ensure we can provide that service, double-check all tax I.D. numbers and names placed on all policies. This is especially important if you have recently established any trusts or moved farmland into a trust. Remember, the "named insured" on your crop insurance policy must match the name of the owner of the crop in question. Any errors can lead to delays, or even to non-payment of a claim. Unfortunately, these problems can occur on any policy. Double-check these details. It is well worth the effort, should a claim become necessary.



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HarvestMAX Gives Shallow Yield Protection

Ag Armour's HarvestMAX is available again for 2015, with a new "enterprise unit structure" that neatly matches up with your federal crop insurance multi-peril unit. HarvestMAX helps growers protect against shallow yield losses, guarding revenue and profit. If you're protecting 85 percent of your actual production history (APH) with federal crop insurance, HarvestMAX can protect the upper end-up to 95 percent of your current APH. Sources say it can protect the 20-odd bushels you might lose in any given year, but couldn't otherwise claim. Check it out. Ask your agent for details.



PriceFlex Adds Price Discovery Periods

Watching and capturing the upside of price fluctuations is a key avenue to farm commodity profit. But the federal crop program limits pricing to two select months, constricting your ability to capitalize on prices. The PriceFlex insurance product can help-providing more price discovery period options to existing Multi-Peril Crop Insurance. Through PriceFlex, your operation could potentially receive additional policy benefits-if the average of the price period you select exceeds the RMA's projected and harvest prices. For details on how the program works, contact your crop insurance agent. If you're interested in PriceFlex, ask about locking it in now for 2015.

